

# The Economics and Politics of Refugee Migration

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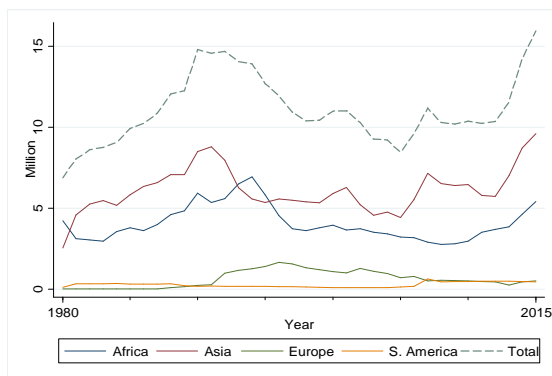
## According to the UNHCR...

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- ▶ .... forced displacement is predicted to exceed 60 Million for the first time in 2015
- ▶ That means 1 in 122 individuals has been forced to flee their homes



## Refugee population by area of origin, 1980-2014

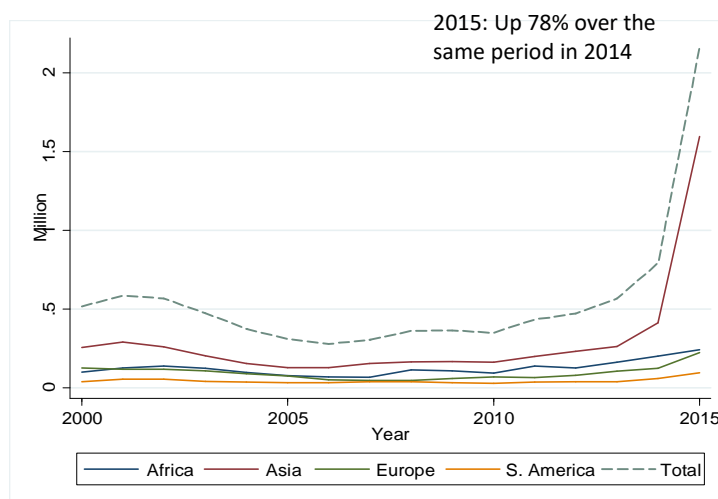


2014

Source: UNHCR



## Asylum Applications by Origin



## Refugee Migration ...

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- ▶ ... became a major challenge for Europe and for Germany in particular
- ▶ ... became one of the key political issues on the level of the EU as well as for EU member states
- ▶ ... likely to top the policy agenda for the foreseeable future
- ▶ Talk: Shed some light on this debate, by providing information, facts and economic insights and drawing policy conclusions



## Structure of Talk

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- ▶ Who is a Refugee?
- ▶ The Current Refugee Crisis
- ▶ Refugees' Labor Market Integration
- ▶ Economic Aspects of Refugee Migration
- ▶ Refugee Migration and Political Polarisation
- ▶ Conclusions



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- ▶ Who is a Refugee?

## 1951 Geneva Convention for Refugees GCR

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- ▶ Grounded in Article 14 of the 1948 Universal Declaration of Human Rights, which recognizes the right of persons to seek asylum from persecution in other countries, **United Nations Geneva Convention relating to the Status of Refugees** (GCR) was adopted in 1951.
- ▶ While limited to persons fleeing events occurring within Europe, the **1967 Protocol** removes limitations and endows the GCR with universal coverage.
- ▶ As of April 2015, 145 states have signed the 1951 Convention and 142 have signed both the Convention and the 1967 Protocol.

## Who is a Refugee?

United Nations Convention relating to the Status of Refugees (or 1951 Geneva Convention for Refugees GCR):

- ▶ “[a person who] owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it



## What does the GCR say about Refugee Status?

Three provisions:

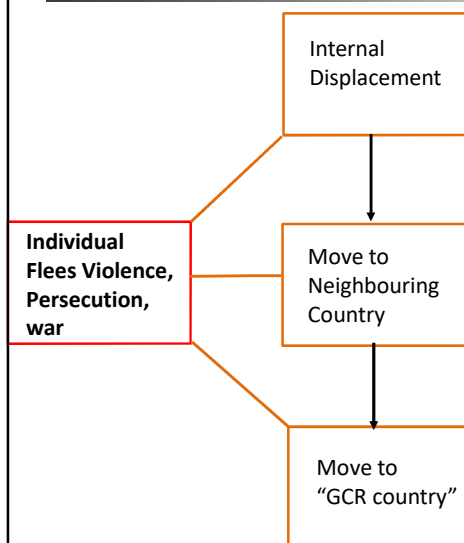
1. Definition of Refugee (Asylum Seeker)
2. Non-Refoulement Clause
  - » An applicant can not be returned where his life or freedom is threatened (even if failing to obtain refugee status) => leads to subsidiary forms of protection
3. Unauthorized (illegal) migration does not exclude from procedure to determine refugee status



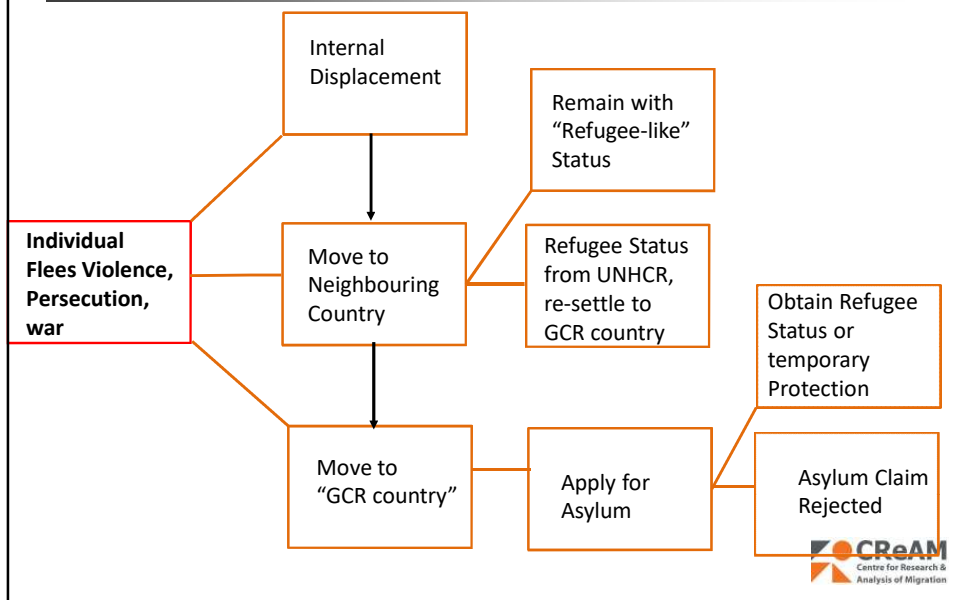
## Who is a Refugee?

- ▶ GCR: Concept of *individual persecution*. Does not address civilians fleeing wars and conflicts.
- ▶ This lead to different forms of temporary/subsidiary humanitarian protection as response to sudden influx of war-displaced individuals.
  - » Civilian belonging to certain group considered refugee *prima facie* (i.e., in the absence of evidence to the contrary), eliminating the need for individual status determination.
  - » Group determination permits speedy admittance to safe countries but no guarantee of permanent asylum.

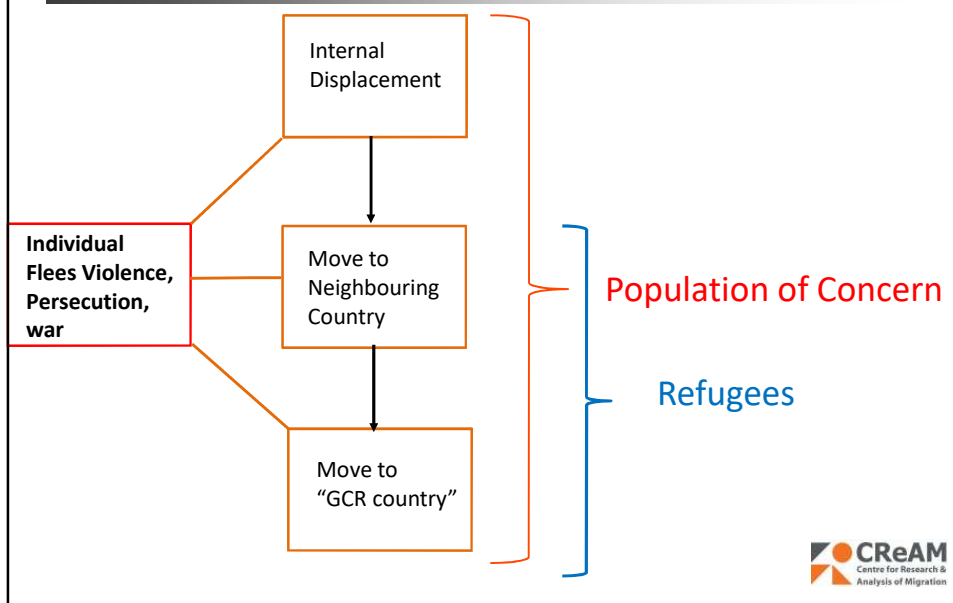
## Who is a refugee?



## Who is a refugee?



## Who is a refugee?



## UNHCR's population of concern and refugees

	Continent of origin				World
	<i>Africa</i>	<i>Asia</i>	<i>Europe</i>	<i>South America</i>	
UNHCR population of concern (thous.)	19,124	29,423	2,672	7,765	58,991
Refugees (thous.)	5,392	9,607	507	448	15,960
of which are asylum seekers (thous.)	659	1,146	179	177	2,162
Share of refugees	0.316	0.365	0.257	0.080	0.307

UNHCR counts as refugees all individuals residing in a third country who are in a refugee-like situation, who enjoy formally recognized refugee status, or who have been granted complementary and temporary forms of protection



## Origin and destination of UNHCR's population of concern

	Continent of origin				World
	<i>Africa</i>	<i>Asia</i>	<i>Europe</i>	<i>South America</i>	
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## Origin and destination of UNHCR's population of concern

Table 1: Origin and destination of UNHCR's population of concern (year 2015)

	Continent of origin				
	Africa	Asia	Europe	South America	World
UNHCR population of concern (thous.)	19,124	29,423	2,672	7,765	58,991
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of which are asylum seekers (thous.)	659	1,146	179	177	2,162
Share of refugees	0.316	0.365	0.257	0.080	0.307
Refugees distribution across destinations					
Africa	0.819	0.026	0.000		0.289
Asia	0.056	0.813	0.003	0.000	0.501
Europe	0.101	0.129	0.937	0.028	0.147
North America	0.019	0.025	0.057	0.430	0.039
Oceania	0.001	0.005	0.001	0.000	0.004
South America	0.003	0.001	0.001	0.541	0.020
Total	1	1	1	1	1

12% of world's refugee  
Population in  
Europe

## Stages of Becoming a Refugee: Syria

	Millions	%
Total population (pre-conflict)	21.96	
Not displaced	10.10	46.0
Displaced:	11.86	54.0
of which:		
Internally displaced	6.56	55.3
Offered Resettlement (as of Apr 2016)	0.18	1.5
Refugees/Asylumseekers at 31/12/2015:	5.12	43.2
of which:		
in Neighboring countries (as of 31/12/2015)	4.56	89.0
of which:		
Turkey	2.50	54.9
Lebanon	1.06	23.3
Jordan	0.63	13.8
Iraq	0.24	5.4
Egypt	0.12	2.6
in EU28 +NOR +CH	0.49	9.6

One in four individuals living in  
Lebanon are Syrian Refugees

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<b>in EU28 +NOR +CH</b>		<b>0.49</b>	<b>9.6</b>
of which:	Germany	<b>0.20</b>	<b>40.8</b>
	Sweden	0.10	20.8
	Austria	0.03	6.8
	Netherlands	0.03	6.5
	Hungary	0.02	3.9

## What does the GCR say about Longer Term Solutions?

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- ▶ The convention encourages “Assimilation and Naturalisation” of refugees, but does not provide right to permanent residence
- ▶ The UNHCR identifies three forms of durable solution for refugees:
  - » return to the country of origin
  - » local integration in the country of first asylum
  - » resettlement in a third country.

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- ▶ Asylum Policies in Europe

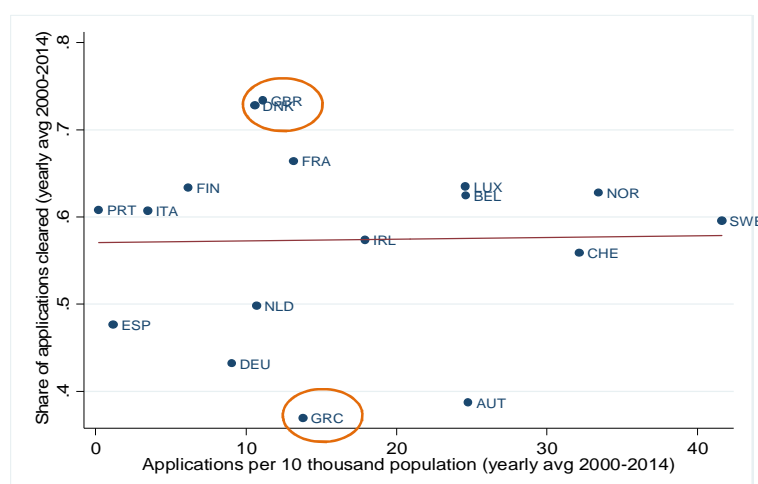
## Towards a Common European Asylum System

- ▶ Attempts to establish a single and harmonized European asylum policy (e.g. **Dublin Convention** 1990), but individual member states have *de facto* maintained full sovereignty over the implementation of their national asylum policies
- ▶ Leads to
  - » heterogeneous policies across countries
  - » severe weaknesses in attempts to address the current crisis

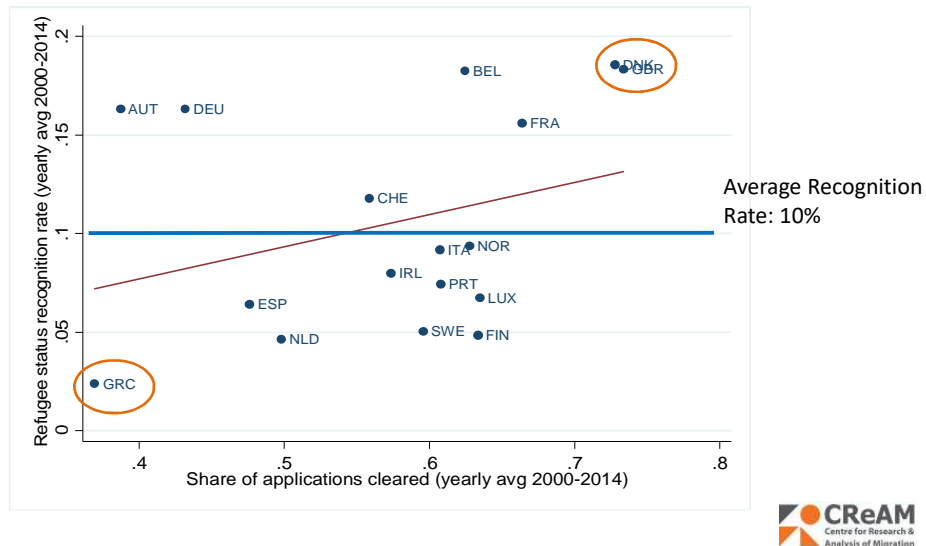
## Example:

- ▶ EU agreed in September 2015 on relocating 160 thousand refugees over two years from Italy and Greece to other European Countries.
- ▶ Several countries voted against the scheme.
- ▶ As of May 2016, only 5 percent (7400) of these places have been made available and less than 1 percent (1400) of refugees have been relocated.

## Example: Share of Applications Processed



### Example: Recognition Rates and Share of Asylum applications cleared



### Example: Approved Asylum Applications, 2014

Host Country	All origin countries		Syria	
	<i>refugee status granted</i>	<i>Share with full Geneva status</i>	<i>refugee status granted</i>	<i>Share with full Geneva status</i>
Germany	40,563	0.821	23,859	0.860
Sweden	32,347	0.331	16,404	0.107
France	21,093	0.789	1,468	0.640
Italy	20,582	0.177	313	0.732
Switzerland	14,123	0.439	2,821	0.325
Netherlands	13,250	0.207	5,439	0.064
United Kingdom	11,874	0.906	1,423	0.976
Austria	11,351	0.769	3,653	0.913

## Example: Safe Countries of Origin

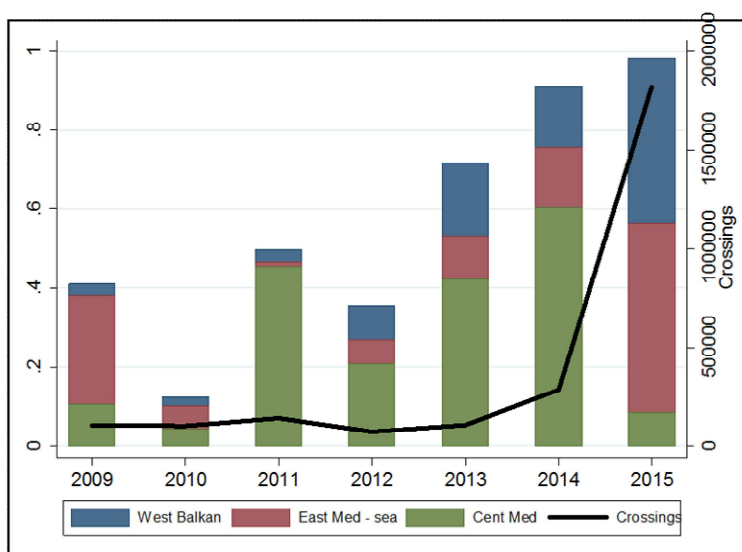
List of safe countries of origin			
		# countries	countries:
Austria	yes	9 + EEA Countries/Switzerland	ALB, BIH, MKD, RKS, MNE, SRB, CAN, AUS, NZL
Belgium	yes	7	ALB, BIH, MKD, RKS, MNE, SRB, IND
Denmark	yes	14 + EFTA Countries	ALB, BIH, MKD, RKS, MNE, SRB, MDA, RUS, CAN, USA, MNG, AUS, JPN, NZL
Finland	no		
France	yes	15	ALB, ARM, BEN, BIH, CPV, GEO, GHA, IND, MKD, MUS, MDA, MNG, MNE, SEN, SRB, TZA
Germany	yes	5	BIH, MKD, SRB, GHA, SEN
Greece	no		
Ireland	yes	1	ZAF
Italy	no		
Luxembourg	yes	11	ALB, BEN*, BIH, CPV, HRV, MKD, GHA*, RKS, MNE, SEN, SRB, UKR
Netherlands	no		
Norway	no		
Portugal	no		
Spain	no		
Sweden	no		
United Kingdom	yes	26	ALB, BIH, MKD, RKS, MNE, SRB, MDA, UKR, GMB*, GHA*, KEN*, LBR*, MWI*, MLI, MUS*, NGA, ZAF, SLE*, BOL, BRA, ECU*, JAM, PER, IND, MNG, KOR

## Example: Labour market Access

- ▶ EU Directive 2013/33: member states must ensure that asylum seekers access labour market no later than 9 months after applying for protection.
  - » 1 month in Portugal
  - » 3 months in Austria, Finland, and Germany
  - » 6 months in Belgium, Italy, Netherlands, Spain
  - » One year in France and the UK.

## ► The Current European Crisis

## Illegal border crossings by route



## Illegal crossings to Europe, 2009-2015

<i>Origin</i>	<i>Detected attempts</i>	<i>Share of total attempts</i>	<i>Ratio 2015/2009</i>	<i>Number of years country among top ten crossings</i>
Syria	992,864	37.7%	1,431	4
Afghanistan	529,595	20.1%	29	7
Iraq	134,029	5.1%	29	3
Pakistan	131,350	5.0%	61	5
Albania	111,660	4.2%	0.3	6
Eritrea	95,687	3.6%	19	5
Kosovo	57,544	2.2%	36	3
Somalia	54,451	2.1%	2.1	6
Nigeria	48,491	1.8%	14	5
Bangladesh	44,331	1.7%	48	4
<b>Total</b>	<b>2,633,896</b>		<b>17</b>	

## Asylum applications in Europe, 2009-2015

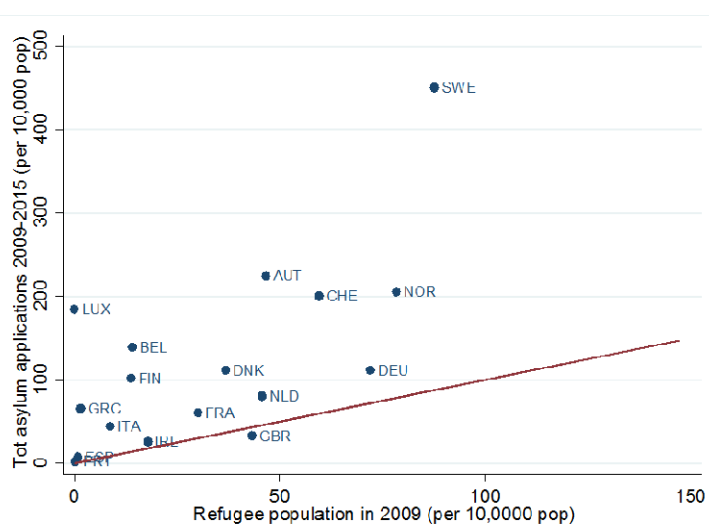
<i>Origin</i>	<i>Applications</i>	<i>Share of total applications</i>	<i>Ratio 2015/2009</i>	<i>Number of years country among top ten applicants</i>
Syria	595,869	16.9%	77.33	4
Afghanistan	360,542	10.2%	8.10	7
Serbia and Kosovo	271,235	7.7%	4.57	7
Iraq	214,471	6.1%	6.51	6
Eritrea	151,754	4.3%	4.95	7
Russian Federation	145,634	4.1%	0.94	5
Pakistan	143,284	4.1%	4.77	7
Somalia	126,815	3.6%	1.00	6
Nigeria	108,889	3.1%	2.51	6
Albania	107,817	3.1%	32.91	3
<b>Total</b>	<b>3,522,378</b>		<b>4.74</b>	



## Total asylum applications, 2009 -2015

Host Country	Tot Asylum Application		Refugee population in 2009	
	thousands	per 10,000 pop	thousands	per 10,000 pop
Germany	914.5	111.5	592.2	72.2
Sweden	417.3	450.8	81.3	87.8
France	396.0	61.5	195.7	30.4
Italy	265.3	45.0	54.5	9.2
Hungary	245.8	245.1	6.0	6.0
United Kingdom	205.1	33.1	269.2	43.4
Austria	187.2	224.5	38.9	46.6

## Total asylum applications received 2009-2015 population of refugees



► Economic Outcomes, past refugee population

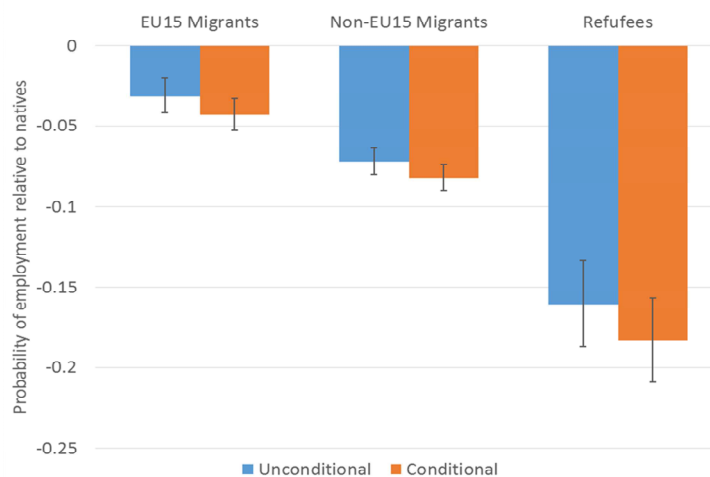
## 2008 EULFS allows identifying refugees

**Table – Basic characteristics of refugee population**

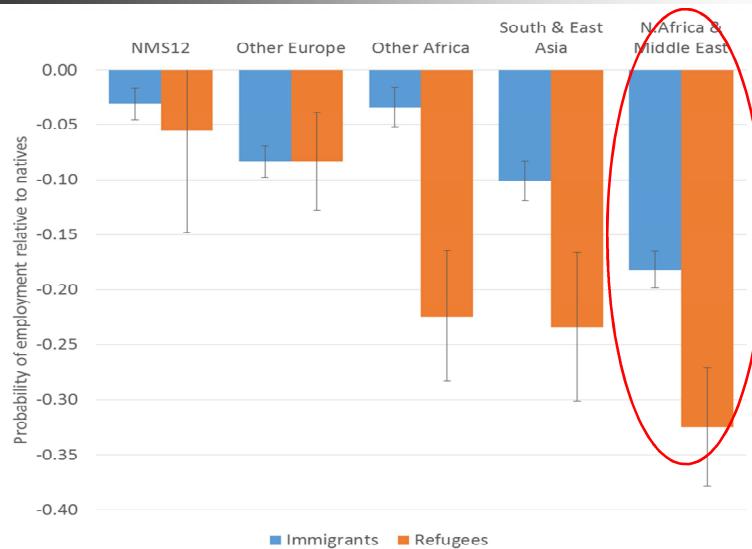
	Refugees	Immigrants non-EU15	Immigrants EU15	Natives
<b>Share of males</b>	0.61	0.47	0.47	0.50
<b>Mean age</b>	43.9	41.2	42.6	44.7
<b>Share with Lower-secondary education</b>	0.38	0.44	0.27	0.32
<b>Share with Tertiary education</b>	0.23	0.22	0.28	0.26

In 2008 refugees made up 6.4% of the total of foreign-born aged between 16 and 74 in the 14 EU countries considered, while they accounted for 0.7% of the total population.

## Refugee-native and immigrant-native employment rate differentials

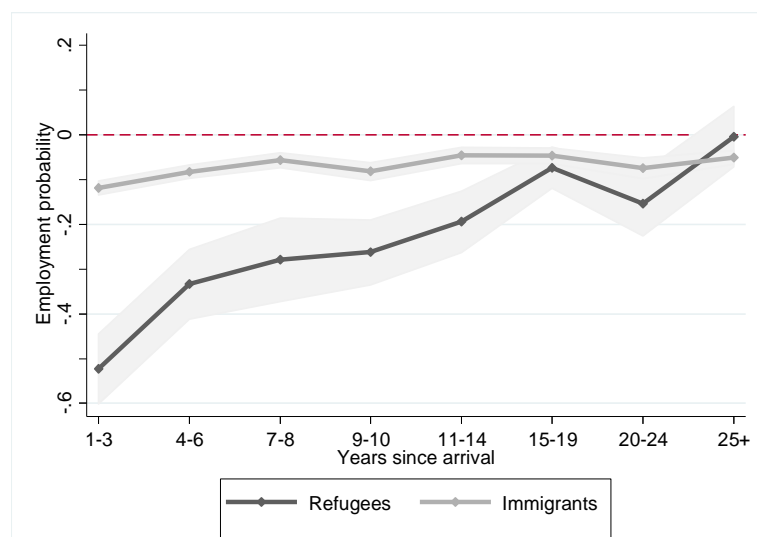


## Past Refugees: Employment Relative to Natives



Source: Dustmann, Fasani, Frattini, Minale and Schoenberg, 2016; EU LFS 2008

## Employment rate differentials, by years since arrival



Source: Dustmann, Fasani, Frattini, Minale and Schoenberg, 2016; EU LFS 2008

### ► The Economics of Refugee Migration

## Economic Migrant and Refugee Migrant

- ▶ Economic migrants choose their migration and destination country based on economic considerations, while refugee migrants respond to external events
- ▶ Destination countries choose to admit economic migrants. They fulfil their obligations under the GCR when admitting refugee migrants
- ▶ Destination countries choose the terms of the migration for economic migrants, but far less so for refugee migrants



## Implications for Refugees and Receiving Country

- ▶ Implications of delayed decisions for refugees' career profiles
  - » Adda, Dustmann and Gorlach, 2016: The Dynamics of Return Migration, Human Capital Accumulation, and Wage Assimilation
- ▶ Implications of refugee settlement for voting outcomes
  - » Christian Dustmann, Kristine Vasiljeva and Anna Piil Damm, 2016: Refugee migration and Electoral Outcomes



## Economic Integration

- ▶ Most important career decisions are made early on in migration cycle
- ▶ Decisions are based on **future expectations** about where individuals will spend their productive lives
- ▶ Lack of support or uncertain future will lead to losses in career potential, due to lack of **initial** investment



## Return Migration and Human Capital Accumulation

- ▶ Dynamic life-cycle model where migrants decide in every period about labor market status, consumption, their investment in human capital and whether to return to their home country.
- ▶ Belief on duration of stay at any given period - rather than the actual *ex-post* length of stay - is key to understand investment decisions into human capital

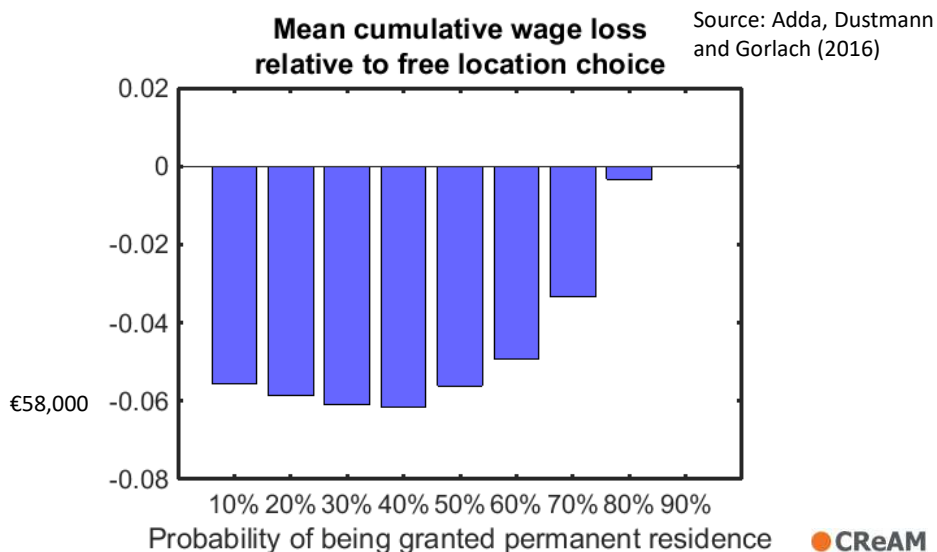


## Uncertainty about Permanent Status

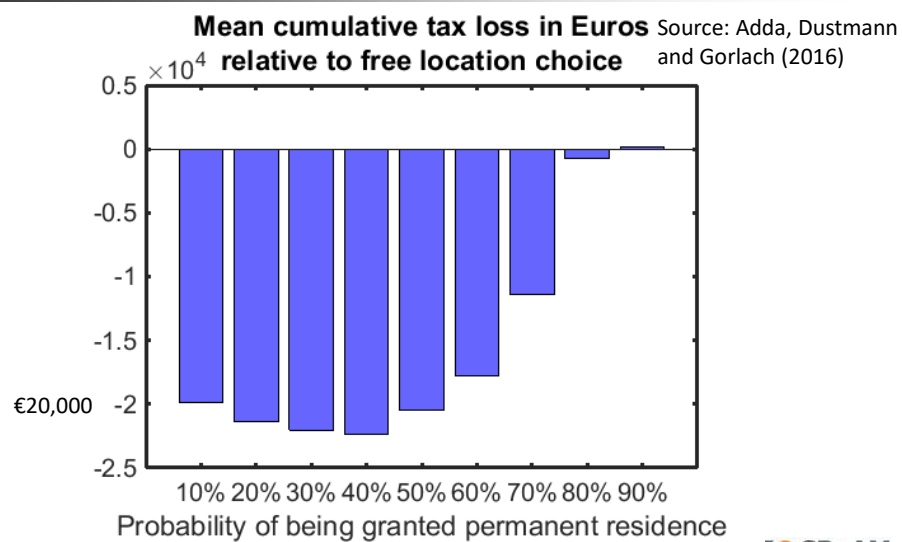
- ▶ Estimated model structure: allows simulating effects of policies on immigrant behaviour that manipulate expectations of permanence in the host country
- ▶ Consider Policy of Conditional Permanence Permits:
  - » Permanent permit granted only after a certain period of residence in host country, and only for fraction of each cohort.
  - » Consider a cohort of immigrants who arrive at age 20, and who observe the odds of being granted permanence after five years.



## Reduction discounted lifetime earnings



## Loss in VAT and income tax



► Political Polarisation



## Political Polarisation

- ▶ A major issue in Europe is the political fallout of refugee migrations
- ▶ Populist parties use the migration crisis to increase their vote shares
- ▶ Is there **causal** evidence that vote shares respond?
- ▶ What are the implications for refugee allocation?



## What are the key questions in this debate?

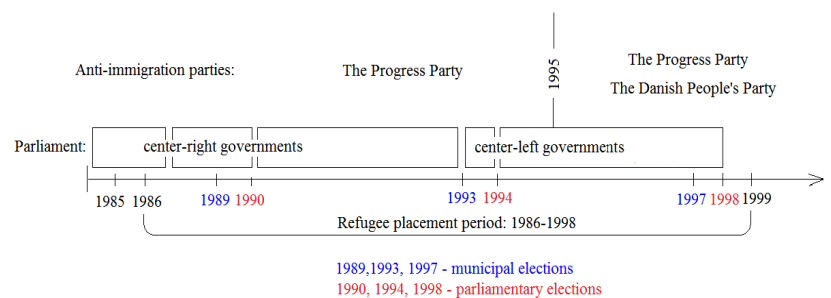
- ▶ Q1: Will the inflow of refugees (migrants) lead to changes in electoral outcomes?
- ▶ Q2: How do election results differ in localities that receive more (less) refugees (migrants)?
  - » Requires addressing sorting problem
- ▶ Q3: How can policies affect the way immigration impacts on election results?

Dustmann, Vasiljeva and Damm (2016), "Refugee Migration and Electoral Outcomes", CReAM Discussion Paper



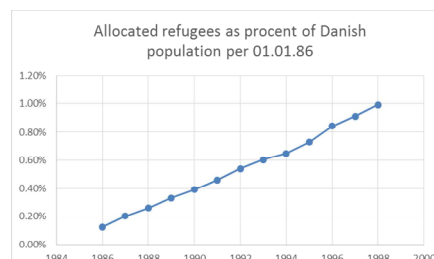
## Background: Elections

- ▶ Analysis: focus on 1989-1998 period, which includes three parliamentary and three municipal elections in Denmark.
- ▶ Period chosen to conform to the timing of the Danish Spatial Dispersal Policy (1986-1998).

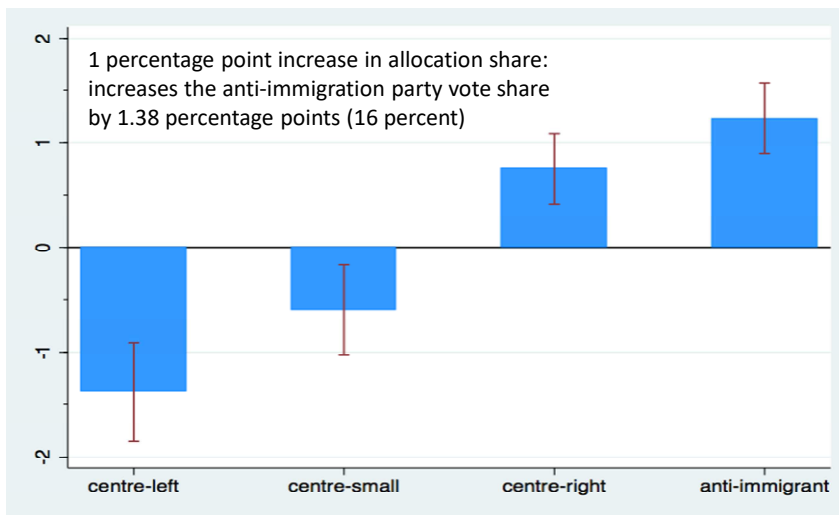


## Background: Dispersal Policy

- ▶ As response to large inflow of refugees in the 1980's: Danish Government implemented in 1986 dispersal policy for refugees.
- ▶ Primary objective: disperse refugees across counties and municipalities based on the number of existing inhabitants.
- ▶ Period 1986-1998: 76,673 individuals granted refugee status; allocated across municipalities



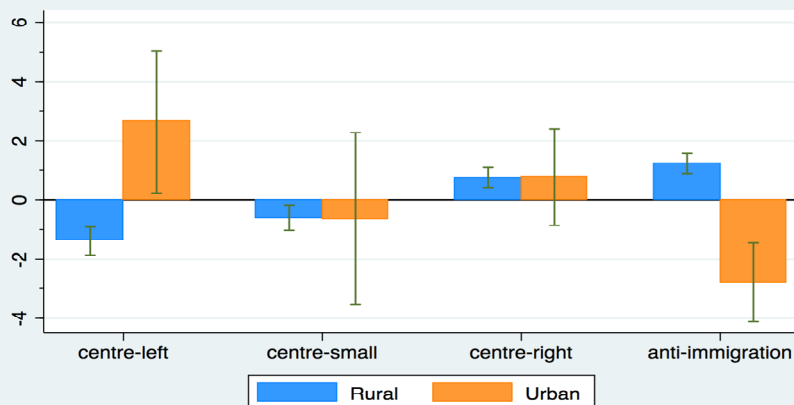
## Refugee Allocation and Vote Share Changes



Source: Dustmann, Vasiljeva and Damm (2016)

## Refugee Allocation and Vote Share Changes Rural vs Urban Municipalities

Refugee Allocation and Vote Share Changes,  
Denmark Rural-Urban



Source: Dustmann, Vasiljeva and Damm (2016)

## Other Findings

- ▶ Higher pre-policy crime rates prompt voters to respond to higher refugee allocation by voting for anti-immigration parties
- ▶ Refugee allocation major factor in decision of anti-immigration parties to stand for municipal elections
- ▶ Voter turnout affected by refugee allocation, but effect restricted to municipal elections.



## Outlook

- ▶ Migration pressure on Europe is not going away
  - » Canning et al. (2015), World Bank: Population of Africa will increase from currently **1.1 Billion** to **2.8 Billion** over next 45 years.
  - » OECD (2016): Among the **20 countries** ranked **highest** according to the **2016 Fragile States Index**, **14** located in **Africa** and **3** in the **Middle East**
  - » Often overlap with the highest population growth



## Conclusions

- ▶ Drastic need for new regulatory framework, agreeable to all member states.
- ▶ Framework should be based on two pillars:
  - » Coordinated policy that secures Europe's outer borders and deals with asylum claims **before** refugees have crossed into mainland Europe
  - » Allocation mechanism that more equitably distributes the burden of refugee migrations across countries yet flexible enough to account for national particularities and political circumstances.



## Conclusions

- ▶ Establishing such policy agreements: tremendously challenging as successful policy coordination requires compromising on key sovereignty issue: **who should be allowed to live within a member state's borders.**
- ▶ Failure to establish a working system will in future lead to political fallout with far reaching consequences for European countries and the EU.



More research and papers:

Centre for Research and Analysis  
of Migration (CReAM):

<http://www.cream-migration.org/>

